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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 01/04/10

INDEX:

- 1) Top headlines
- 2) Editorials
- 3) Prime Minister's daily schedule (Nikkei)

Defense & Security

- 4) Maehara hints at dissolution of coalition if administration fails to reach decision on Futenma by May (Akahata)
- 5) MOD to set up cyberspace defense force (Yomiuri)
- 6) "Yuai boats" to cooperate with NGOs (Nikkei)

Politics:

- 7) Lawmaker says he received 400 million in cash from Ozawa (Yomiuri)
- 8) DPJ to move party headquarters this year (Nikkei)
- 9) Ordinary Diet session to start on January 18 (Yomiuri)

Foreign relations:

- 10) Vice Foreign Minister Yabunaka leaves for U.S. (Mainichi)
- 11) DPJ holds secret meetings with North Korea (Sankei)

Economy

- 12) Govt. doubles JAL credit to 200 billion yen (Nikkei)
- 13) JAL president opposed to legal liquidation of airline (Asahi)

Opinion:

- 14) Tokyo Shimbun poll: 62 PERCENT of companies say economy unchanged (Tokyo Shimbun)
- 15) Mainichi poll: more than 50 PERCENT of companies say economy sagging (Mainichi)
- 16) Tokyo Shimbun poll: 50 PERCENT would cast vote for DPJ (Tokyo)

Shimbun)

17) Japan's population declines in 2009 for third consecutive year
(Yomiuri)

Articles:

1) TOP HEADLINES

Asahi:

Credit line for JAL to be doubled to 200 billion yen

Mainichi:

Majority of Japanese firms surveyed predict economy will stay at
standstill, 30 PERCENT see upturn in 2010

Yomiuri:

DPJ plans to lift ban on online election campaigning

Nikkei:

Staffing agencies shifting business models away from temporary staff
placement

Sankei:

Japan-U.S. expert panel put off

Tokyo Shimbun:

Japan might be excluded from East Asia rice stockpile framework

Akahata:

TOKYO 00000002 002 OF 009

Central government, Tokyo should cooperate to reconstruct people's
livelihoods

2) EDITORIALS

Asahi:

(1) Coexistence with Asia: Japan urged to create great cycle in
cooperation with other Asian countries

Mainichi:

(1) 2010 - year of reconstruction: Time to work on nuclear
disarmament

Yomiuri:

(1) Hatoyama diplomacy must rebuild shaky Japan-U.S. alliance

Nikkei:

(1) Rebuild pension and medical systems so that young people can
shoulder burden

Sankei:

(1) 50th anniversary of revision of U.S.-Japan Security Treaty:
Japan urged to assume risks, prevent Japan-U.S. alliance from losing
substance

Tokyo Shimbun:

(1) Fuel the storm outside COP

Akahata:

(1) 50th anniversary of revision of U.S.-Japan Security Treaty: Make
2010 year of national debate calling for abolishing the treaty

3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, January 3

NIKKEI (Page 2) (Full)

January 4, 2010

Spent the whole day at his official residential quarters.

4) Okinawa Affairs Minister Maehara tells U.S. Ambassador Roos:

Dissolution of coalition over Futenma relocation, implementation of
current relocation plan possible

Washington (Jiji) -- It was learned on Dec. 31 that State Minister for Okinawa and Northern Territories Affairs Seiji Maehara met U.S. Ambassador to Japan John Roos in Tokyo on Dec. 9 on the plan to relocate the U.S. forces' Futenma Air Station (in Ginowan City, Okinawa) and told the Ambassador that if Japan is unable to come up with an alternative plan acceptable to the U.S. side by May, it is prepared to pursue the existing plan to relocate the base to the coastal area of Camp Schwab (in Henoko, Nago City), even at the expense of dissolving the coalition government with the Social Democratic Party (SDP) and the People's New Party (PNP). This was revealed by a U.S. government source based on a report made to Washington.

According to this source, Maehara explained at the meeting held at
TOKYO 00000002 003 OF 009

the Ambassador's official residence that he met Prime Minister Yukio Hatoyama, Foreign Minister Katsuya Okada, Defense Minister Toshimi Kitazawa, and Chief Cabinet Secretary Hirofumi Hirano on the previous day, Dec. 8, and the five agreed that the acceptance of the existing relocation plan was "impossible" at that point, "due to the opposition of the SDP."

However, he said that in the process of identifying a relocation site, efforts will be made to persuade the SDP and the PNP on: (1) the continuation of the environmental impact assessment in the coastal area of Camp Schwab; (2) earmarking expenditures relating to relocation to Camp Schwab in the reserve funds under the FY2010 budget; (3) drawing up an alternative proposal acceptable both to Okinawa and the U.S.; and (4) accepting the existing relocation plan if no such proposal can be worked out.

In addition, Maehara said that if an agreement is not reached with the U.S. on the alternative plan, "the dissolution of the coalition is possible" around May after the Golden Week holidays (in early May), when the budget and the related bills will have been enacted, if the SDP and PNP oppose the current relocation plan. He reportedly indicated that Japan will accept the existing relocation plan in the end.

In response to an inquiry from Jiji Press, Maehara stated that he "did not say anything to that effect."

5) Defense Ministry to create new cyberspace defense unit to strengthen countermeasures against hackers

The Ministry of Defense (MOD) has decided to create a specialist "cyberspace defense unit" in FY2010 to strengthen the protection of the confidentiality of information against attacks by viruses and other methods. In light of frequent invasion of government computer networks by hackers in the U.S., South Korea, and other countries, this "defense unit" will be responsible for unified collection, analysis, and research of the latest information on viruses and for conducting training on dealing with these viruses.

The MOD is allocating some 7 billion yen for dealing with cyber attacks in its FY10 budget. It will set up a preparatory office led by a "cyber planning and coordination officer" to promote the training of team members with specialized knowledge. This "defense unit" is envisioned to have about 60 members and will report to the Self-Defense Forces (SDF) Command Control Communication Computers (C4) System Department.

The U.S. and South Korean government websites suffered intensive cyber attacks in July 2009, resulting in damages such as disruption of connectivity. The MOD and the SDF have also been receiving an increasing number of e-mails containing viruses, causing a heightened sense of alarm.

6) "Yuai boat" to cooperate with NGOs

NIKKEI SHIMBUN (Page 2) (Full)
January 4, 2010

The outline of the "yuai (fraternity) boat," concept, which calls

TOKYO 00000002 004 OF 009

for Maritime Self-Defense (MSDF) ships to visit disaster sites to provide medical aid, has been disclosed. The MSDF transport ship "Oosumi" (8,000 tons) will be used for the mission in cooperation with NGOs. The ship is scheduled to begin humanitarian relief in Southeast Asia after participating in training in the United States.

Prime Minister Hatoyama laid out the "yuai boat" concept in a speech in Singapore on Asian policy. The government is considering the ship's participation in the "Pacific Partnership," a U.S.-led humanitarian mission in Southeast Asia. Other participants in the partnership include Canada and Australia. Japan dispatches several medical doctors to the program every year.

The Japanese government envisions using in the mission MSDF ships of the "Oosumi" class, which are fully equipped to transport medical equipment and highly capable of transporting personnel. The government will soon start to recruit civilians and NGOs for participation in the initiative.

7) Ishikawa: "I received 400 million yen from Ozawa" after consulting him on lack of money to purchase land

YOMIURI (Top Play) (Lead paragraph)
January 1, 2010

Rikuzan-kai, the political fund management organization of Democratic Party of Japan (DPJ) Secretary General Ichiro Ozawa, failed to report the money it used to purchase land in Tokyo in 2004. In questioning over this case by the special investigation unit of the Tokyo District Public Prosecutors Office, DPJ lawmaker Tomohiro Ishikawa, who was in charge of administrative work at the organization, said that he had received 400 million yen in cash from Ozawa after consulting him on fund management matters, according to informed sources. Furthermore, Ishikawa received another 400 million yen and credited it to the organization's bank account in 2005, but that money was not reported either. The special investigation unit suspects that he received this money from Ozawa as well.

8) DPJ to move its headquarters to building near Lower House Diet Members' Building

NIKKEI (Page 2) (Full)
January 1, 2010

It was learned on Dec. 31 that the Democratic Party of Japan (DPJ) plans to move its headquarters, now in Nagatacho, Tokyo, as early as before the end of 2010. This is because the party outgrew its present headquarters after the number of DPJ lawmakers doubled to more than 400 since the party's landslide victory in last summer's House of Representatives election. The DPJ is considering moving its headquarters into a building now under construction near the Lower House Diet Members' Building.

The DPJ now rents the fourth to eighth floors and the 10th floor of a 10-story building located one minute from the Diet building. Other floors of the building are leased by a camera company and other firms. DPJ members have complained that parking lots and elevators are cramped and that it is difficult to check suspicious persons.

9) Regular Diet session to be convened on Jan. 18; Upper House election most likely to be held on July 11

TOKYO 00000002 005 OF 009

YOMIURI (Page 1) (Full)

January 3, 2010

The government and ruling parties decided on Jan. 2 to convene a regular Diet session on Jan. 18, according to several senior Democratic Party of Japan (DPJ) members. The session will run for 150 days until June 16. If the term of the session is not extended and if the House of Councillors election in the summer is held on a Sunday based on the regulations set in the Public Offices Election Law, the official campaign for the Upper House election will start on June 24 and the election will be held on July 11. The ruling coalition will hold a meeting of the Diet affairs committee chiefs from the ruling and opposition parties on Jan. 6 and propose the convocation of the regular session on Jan. 18.

The government and ruling parties aim to start deliberations on a second supplementary budget bill for fiscal 2009, including a package of emergency economic stimulus measures, and to enact the bill before the end of the month.

10) Administrative Vice Foreign Minister Yabunaka to leave for U.S. today

MAINICHI (Page 2) (Full)
January 4, 2010

The Ministry of Foreign Affairs announced Jan. 3 that Administrative Vice Minister Mitoji Yabunaka will visit the United States on Jan. 4-6. He will hold talks with Deputy Secretary of State James B. Steinberg on the afternoon of Jan. 5 (local time) about such pending bilateral issues as the relocation of the U.S. Marine Corps' Futenma Air Station (in Nago City, Okinawa Prefecture).

The government intends to make a decision on the Futenma relocation issue by May. It began looking into a new relocation site since late last year with the Social Democratic Party (SDP) and People's New Party (PNP), while leaving the existing plan to move the Futenma base to the coastal area of Camp Schwab (in Nago City) open as an option. However, since the U.S. government, which has insisted that the existing plan is the best and only viable option, has grown increasingly distrustful of the Japanese side, Yabunaka will apparently explain the circumstances in Japan once again.

11) DPJ in secret contact with North Korea on abduction issue through several channels since last summer

SANKEI (Top play) (Abridged)
January 3, 2010

It was learned on Jan. 2 that since last summer, several Democratic Party of Japan (DPJ) officials have engaged in top secret meetings with North Korea in China on several occasions on the issue of the DPRK's abduction of Japanese nationals, asking North Korea to investigate the whereabouts of the victims. This is the first time that the Hatoyama administration's contact with North Korea has been revealed. The North Koreans reportedly told DPJ officials that it is possible that some of the abductees are still alive. It is now possible that official talks between Japan and North Korea may resume before the House of Councillors election this summer, depending on the North Korean side's response.

TOKYO 00000002 006 OF 009

According to a number of sources related to the government and the ruling parties, the secret meetings started last summer, before the change of administration took place, and gained momentum after the Hatoyama cabinet was launched.

One of the channels of secret contact involves an official close to Secretary General Ichiro Ozawa, and he has been visiting the North Korean embassy in Beijing about once a month. Another channel involves a different DPJ official who visited China in mid-October on orders from the Prime Minister's Official Residence. On this occasion, "he exchanged views on the various pending issues between the two countries with a senior North Korean official in the presence of an intermediary" (according to a source on Japan-DPRK relations).

Through these secret contacts, the DPJ reiterated its demand for a re-investigation into the whereabouts of the abductees. The North Korean side allegedly responded that "some" of the abductees are "in poor health" but did not give any information on their names and identities.

According to the source on Japan-DPRK relations, it appears that a close confidant of General Secretary Kim Jong Il, Workers Party of Korea United Front Department Director Kim Yang Kon, who is the working level official in charge of policy toward South Korea, has been involved with the secret meetings. A senior Japanese Ministry of Foreign Affairs official observes that, "While the information on surviving abductees cannot be verified, North Korea is probably trying to probe the DPJ administration's thinking."

12) DBJ to double its credit line for JAL to 200 billion yen

NIKKEI (Page 1) (Excerpt)
January 4, 2010

Deputy Prime Minister Naoto Kan and Transport Minister Seiji Maehara on Jan. 3 discussed the rebuilding of Japan Airlines (JAL) and agreed to boost the state-owned Development Bank of Japan's (DBJ) credit line for the cash-strapped air carrier from the current 100 billion yen to 200 billion yen. This is aimed at supporting the carrier's cash flow until the Enterprise Turnaround Initiative Corporation of Japan (ETIC) decides to comply with JAL's request for financial assistance. Attention will be focused on the movements of JAL stocks on the Tokyo Stock Exchange, which will reopen on the 4th.

13) JAL president opposes legal liquidation: Eyes switching airline groups

ASAHI SHIMBUN (Top play) (Lead para.)
January 3, 2010

Japan Airlines has asked for financial assistance from the Enterprise Turnaround Initiative Corporation of Japan (ETIC), a public-private fund. The fund sees bankruptcy filing as the most viable option available to the cash-strapped air carrier. Responding to an interview by the Asahi Shimbun, JAL President Haruka Nishimura revealed his stance of opposing the idea. He indicated his view that considering strategies for Asia, where future growth can be expected, it would be advantageous for JAL to switch airline groups. He said Delta Air Lines would be more desirable as the company's U.S. business partner than American Airlines. He also stressed that

TOKYO 00000002 007 OF 009

he has no intention of having the company pull out of international flight operations.

14) Survey of 206 leading companies: 62 percent reply, "The economy will remain unchanged"

TOKYO SHIMBUN (Page 1) (Excerpts)
January 4, 2010

The Tokyo Shimbun on Jan. 3 compiled results of a survey of 206 leading companies throughout the nation on business conditions (conducted from mid-December through late-December). Regarding the present state of the Japanese economy, 62.4 percent of pollees replied that the economy is leveling off, indicating that many companies sense the economy is stagnating. Asked their outlook for fiscal 2010, while 49.3 percent think the economy will gradually improve, 40.5 percent said that the economy will level off, revealing they believe that it will be difficult for Japan to climb out of the harsh economic situation due to sluggish personal consumption, the strong yen, and concern about deflation.

Asked about the Hatoyama administration, 44.4 percent of respondents were undecided, followed by 23.9 percent who were "dissatisfied" and 10.2 percent who answered "so far so good." No respondents replied "very good."

15) Mainichi poll of 119 companies: Majority of surveyed companies see economy at standstill: 30 percent project business turnaround

MAINICHI (Top play) (Excerpts)
January 4, 2010

The Mainichi Shimbun late last year carried out an opinion poll of economic trends on 119 leading companies throughout the nation. Only 35, or 29.4 percent, of the companies polled replied that the economy will improve. Sixty-seven companies, or 56.3 percent, replied that the economy will remain at a standstill. The survey results indicate that although the Japanese economy has climbed out of its worst phase right after the Lehman shock in the fall of 2008, an increasing number of companies predict that the economy will enter a temporary lull due to sluggish domestic demand, the deflationary trend, and the continuing strong yen. Sixteen companies or 13.4 percent of pollees replied that the economy would slip further. A sense of wariness about the economy suffering a second dip due to the economic slump and deterioration is heightening.

The presidents and chairmen of 119 leading companies were surveyed for the poll conducted on from early December through mid-December.

Regarding the present state of the economy, 76 companies (63.9 percent of respondents) said, "The economy is leveling off." The number of companies that replied that the economy is gradually declining or has declined totaled 13 (10.9 percent). Only 30 companies (25.2 percent) said that the economy is gradually picking up.

In the survey, the 35 companies that projected the economy will turn around were also asked when they think the economy will achieve a full-scale recovery. Approximately 60 percent gave the answer, "in the second half of fiscal 2010." Twenty percent replied, "after fiscal 2011." Respondents in the poll this time projected a full-fledged economic turnaround later than the first half of fiscal

TOKYO 00000002 008 OF 009

2010 - the timeframe given by the largest number of companies surveyed in the poll carried out last July.

16) Poll: 50 PERCENT say they would vote for DPJ in Upper House election

TOKYO SHIMBUN (Page 3) (Excerpts)
January 3, 2010

In a nationwide face-to-face opinion survey on Dec. 5-6 by Public Opinion Research on the House of Councillors election this summer, 50 PERCENT said that they would vote for the Democratic Party of Japan (DPJ) if the election were held now. Those who picked the Liberal Democratic Party (LDP) accounted for only 21 PERCENT. Since the survey was conducted about one month ago, the survey does not necessarily reflect the current will of the public. The survey, however, showed that the voters were still placing high expectations on the DPJ, which won an overwhelming victory in the House of Representatives election last year.

Regarding the desirable form of a new government, 32 PERCENT opted for a DPJ single-party administration, while 28 PERCENT each opted for a three-party coalition, as there is now, and a DPJ-LDP grand coalition. The survey thus showed that the voters were relatively cautious about a DPJ single-party administration. Asked about the campaign pledges the DPJ made in the last Lower House election (with multiple responses allowed), the survey demonstrated the unpopularity of the plan to waive express tolls, with 61 PERCENT disapproving of it.

Asked about which policies should be carried out on a priority basis (with multiple responses allowed), 51 PERCENT picked the total ban on agencies arranging post-retirement jobs for senior bureaucrats or making such arrangements multiple times for retired officials, and 42 PERCENT opted for the elimination of wasteful spending, for example, for public works projects, by the government. The public's severe view of bureaucrats and governance stood out in bold relief.

In terms of interest in the Upper House election, a total of 82 PERCENT said they were greatly or somewhat interested in the election, while a total 17 PERCENT replied they were not greatly interested or not interested at all in the election.

Regarding the expected points at issue in the election, with multiple responses allowed, 68 PERCENT chose "the economy, employment and social disparity"; 54 PERCENT "pension, medical care, nursing care, and welfare"; 20 PERCENT "tax and fiscal reforms"; and 14 PERCENT "the framework of the government."

17) Japan's population declines in 2009 for third consecutive year

YOMIURI (Page 2) (Slightly abridged)
January 1, 2010

Japan's population dropped by 75,000 in 2009, recording the third consecutive annual decline, according to the Health, Labor and Welfare Ministry's annual population estimate. The population fell at the largest scale and at the fastest rate since the end of World War II.

The pace of decrease accelerated in 2009 as the 1.144 million deaths (an increase of 20,000 over 2008) outpaced the 1.069 million births

TOKYO 00000002 009 OF 009

(a decrease of 22,000). The population decline grew by 24,000 from that of the previous year.

The population decreased in 2005 for the first time since the World War II. Although the population increased in 2006, it has fallen every year since 2007.

The total fertility rate, the average number of children expected to be born to each woman during her lifetime, is estimated to be about the same as last year's figure of 1.37. The ministry expects the rate of population decline to increase in the future.

ROOS